



PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-3015

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ACQUISITION AND
TECHNOLOGY

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
ATTN: SERVICE ACQUISITION EXECUTIVES
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, BALLISTIC MISSILE DEFENSE ORGANIZATION
DIRECTOR, DEFENSE PROCUREMENT
DIRECTOR, STRATEGIC AND TACTICAL SYSTEMS
DIRECTOR, SYSTEMS ACQUISITION
COMMANDER, DEFENSE CONTRACT MANAGEMENT COMMAND

SUBJECT: Contractor Performance Assessments

In my April 19, 1999 memorandum, I established a new requirement for DoD program managers to conduct quarterly contractor performance assessments on development contracts in excess of \$50 million. I'm revising this memorandum by:

- changing the rating system to be consistent with current DoD policy on past performance rating elements (i.e. five elements instead of four) and;
- standardizing the color rating scheme for use on all performance assessments (per the attachment, Dark Blue, Purple, Green, Yellow, and Red, high to low)

I want to emphasize that while I see the intent of both quarterly and annual performance reviews being similar (i.e. providing performance feedback), each has a specific purpose. The quarterly feedback assessment is intended as a more frequent tool to improve contractor performance and to ensure a constant dialogue between the program manager and the contractor. The more formal annual assessment, meanwhile, while also aimed at improving performance, seeks contractor feedback and provides source selection teams with past performance information needed to make best value awards.

Dave Oliver

Attachment:
As stated



Common DoD Assessment Rating System

The critical aspect of the rating system is recognizing the contractor's resourcefulness in overcoming challenges that arise in the context of contract performance.

Exceptional (Dark Blue) Performance meets contractual requirements and exceeds many to the Government's benefit. The contractual performance of the element or sub-element being assessed was accomplished with few minor problems for which corrective actions taken by the contractor were highly effective.

Very Good (Purple) Performance meets contractual requirements and exceeds some to the Government's benefit. The contractual performance of the element or sub-element being assessed was accomplished with some minor problems for which corrective actions taken by the contractor were effective.

Satisfactory (Green) Performance meets contractual requirements. The contractual performance of the element or sub-element contains some minor problems for which corrective actions taken by the contractor appear or were satisfactory.

Marginal (Yellow) Performance does not meet some contractual requirements. The contractual performance of the element or sub-element being assessed reflects a serious problem for which the contractor has not yet identified corrective actions. The contractor's proposed actions appear only marginally effective or were not fully implemented.

Unsatisfactory (Red) Performance does not meet most contractual requirements and recovery is not likely in a timely manner. The contractual performance of the element or sub-element contains serious problem(s) for which the contractor's corrective actions appear or were ineffective.